

Education Funding in Four Idaho Districts



Phase III Report
December 2010

Education Funding in Four Idaho Districts

Phase III Report

Angela Roccograndi

December 2010

Evaluation Program
Center for Research, Evaluation, and Assessment
Dr. Robert Rayborn, Director



101 SW Main Street, Suite 500
Portland, OR 97204
www.educationnorthwest.org

EXECUTIVE SUMMARY

The Idaho State Department of Education commissioned Education Northwest to conduct a three-phase study in 2010 to examine the use of Title I and IDEA America Reinvestment and Recovery Act (ARRA) funds by Idaho school districts. The Phase I report summarized findings from a survey of all Idaho school districts about their use of ARRA funding. These topics were further detailed in Phase II with findings from 29 in-depth interviews. This final report placed the receipt of ARRA funds into a broader budget picture to obtain a better understanding of the impact of revenue and expenditure changes. In-depth interviews with staff members from four districts were conducted for this report. The findings include:

Finding 1. Significant changes occurred in district revenue streams from 2004 through 2011, which resulted in staff, salary, and/or benefit reductions in the four districts. District budgets have fluctuated over the past eight years due to shifts in taxing structures, the availability of federal and local funding streams as well as competitive grants. During this time, all districts were forced to reduce staff, salaries and/or benefits in some way. These decisions impacted certified, classified, and administrative staff. The four districts also reported that programs were impacted, but not necessarily discontinued.

Finding 2. All four districts relied on a variety of sources to preserve instructional programs. While all four districts had to cut expenditures in response to decreasing revenues, they were able to do so while sparing instructional programs. Districts reported relying on an influx of federal funding, competitive grants, and increased support from their own communities to help make up budget deficits.

Federal funds included ARRA money, which was used in all four districts to fund positions that would otherwise have been cut. The Title I Education Jobs Fund supplied districts with additional funding to both reduce salary cuts and save jobs. The Secure Rural Schools and Community Self-Determination Act of 2000 also helped districts save money, including allowing one district that used the funds to consolidate three school buildings into two.

When other funds fell short, communities passed supplemental levies for staff and materials. Districts also reported an increase in the presence of community volunteers and community fundraising to preserve valuable programs and keep class sizes small. Some districts also relied on funds from competitive grants and rebates on telecommunication expenditures from the E-Rate program.

Finding 3. Without continued sources of increased revenue, districts face difficult budget decisions ahead. While the four districts have been mostly successful at preserving programs, they reported that future program cuts are a distinct possibility. These districts were awaiting further information about funding sources, policies, and enrollment before making specific spending decisions. Interviewees acknowledged that staffing and programs might have to be cut, resulting in increasing class size or the elimination of offerings such as electives or full-day kindergarten.

CONTENTS

	Page
Executive Summary.....	i
Contents	ii
List of Figures and Tables.....	iii
Acknowledgements.....	iv
Introduction.....	1
Methods	3
Findings.....	5
Discussion.....	12
References	13

ACKNOWLEDGEMENTS

Thanks are extended to the six individuals who responded to my questions either by phone or email. Without their input, this report would not have been possible.

Angela Roccograndi

INTRODUCTION

This is the final in a series of three reports about the use of American Reinvestment and Recovery Act (ARRA) funds in Idaho. The three-phase study was commissioned by the Idaho State Department of Education in fall 2009 at the request of the superintendent. The first report (Nelsestuen & Roccograndi, 2010a) summarized findings from a survey of all Idaho districts about their use of Title I and Individuals with Disabilities Education Act (IDEA) ARRA funding. The second report (Nelsestuen & Roccograndi, 2010b) summarized findings from a set of interviews with 29 district administrators. The executive summaries from the Phase I and Phase II reports are reproduced in Appendix A, and key findings are shown in Table 1. This current study was undertaken to examine four issues:

- 1) Changes in district's budgets over time
- 2) The decision-making process used in determining budget-line changes
- 3) What part ARRA funding had on those decisions
- 4) What impact those budget decisions had on various stakeholders

While the focus of the previous two studies was how ARRA funds were spent regarding Title I and the IDEA, this study dealt with any ARRA monies districts received, including money from the State Fiscal Stabilization Fund. The intent was to understand changes in district budget revenues and allocations prior to their receipt of ARRA funds, and to determine how ARRA funding fit into the districts' overall budget picture. Finally, with the knowledge that ARRA funding would not be available for districts in the 2011-2012 school year, the study sought to identify what districts were planning for the future and how budget decisions had already, or would, impact various stakeholders. The study included four districts.

ARRA was signed into law on February 17, 2009 to create and save jobs, spur economic activity, invest in long-term growth, and foster accountability and transparency in government spending. States and districts have until September 30, 2011 to spend their remaining ARRA funds.

Table 1. Key Findings from Phase I and Phase II Reports

Key Findings from Phase I:

1. The majority of reported Title I and IDEA ARRA funds (79%) was spent on personnel.
2. About one-fifth of all reported Title I and IDEA ARRA funds (21%) were spent on nonpersonnel categories—most commonly curriculum, professional development, and technology.
3. Districts viewed ARRA as a crucial funding source. Most also believed the funds would improve results for students.
4. Districts anticipated a “funding cliff” ahead, felt burdened by reporting requirements, and reported different experiences based on their level of need and size.

Key Findings from Phase II:

1. Interviewed district staff members reported Title I and IDEA ARRA funds had a positive impact in their district and they were grateful for the funds. Measuring the impact, however, was difficult.
2. Saving jobs drove many ARRA spending decisions. However, funds also were used to purchase materials and services that will remain after ARRA funding ends.
3. Interviewed district staff members feared that jobs would be lost when ARRA funding was gone.
4. Districts reported minor challenges related to ARRA decision-making, management, and reporting.
5. Districts asked for additional funding for education as well as continued supports and guidance. Interviewees voiced some concerns about state and local maintenance of effort.

METHODS

Phase III of the evaluation consisted of interviews with district budget officers from four Idaho districts. The protocol was developed by evaluators after a preliminary review of the literature on how districts responded to earlier recessions and with the knowledge that ARRA funding would no longer be available after the 2010–2011 school year. The interview protocol can be found in Appendix B.

Districts were selected for interview through a modified, stratified random sample. First, the 123 districts in the state were sorted into high, medium, and low-need categories (need was based on a formula the state of Idaho used that combined academic risk and financial resources). From that list, the high and medium need districts that had enrollments of no more than 2,500 students¹ (77% of districts in Idaho have enrollment less than 2,501 students) were identified. Districts that had fewer than three school buildings were excluded because it was determined that their budget situations might be too different from others in the state (65% of districts in Idaho have at least three school buildings). Finally, districts included in the Phase II interviews were excluded. In total, 36 districts were identified (29%). These districts were divided into four groups:

- High-need districts with small-sized enrollments (less than 600 students)
- High-need districts with medium-sized enrollments (between 600 and 2,500 students)
- Medium-need districts with small- sized enrollments
- Medium-need districts with medium-sized enrollments

Three districts were randomly selected from each of the four groups.

In November 2010, Education Northwest invited superintendents from these 12 districts to participate in a telephone interview. Superintendents were informed that interviews would focus on changes in their district's budget over time, from 2005–2006 through 2010–2011; illuminate the decision-making process used in determining budget-line changes; determine what part ARRA funding had on those decisions; and determine what impact those changes had on various stakeholders. Education Northwest suggested that the interviewee be anyone in their district familiar with the budget since 2005–2006.

Overall, superintendants were sent the original invitation and two follow-up emails; some did not respond and, at that time, two additional districts were invited to participate. In total, five superintendents forwarded their email to the budget manager/and or referred an Education Northwest staff member to the appropriate individual. Email contact was made immediately with these budget managers. A total of five interviews were scheduled; one was subsequently cancelled. Four district budget managers were interviewed during the week of December 6–10, 2010. Each interview lasted 30 minutes. One superintendent submitted a typed summary related to school-building consolidation in their district. A teacher was also interviewed during the week of December 13 regarding the impact of salary and benefit cuts on teacher morale. Detailed notes were taken during the interviews; quotes used are as accurate as possible, but may not be verbatim. All quotes in the report come from these interviews and documentation.

¹ District size data are from the National Center on Education Statistics (NCES) database.

Of the four districts, two were high-need districts and two were medium-need districts. Two districts had student enrollments of less than 600 students and two had student enrollments between 600 and 2,500 students. With this small sample size it is impossible to generalize findings; however, the study does present a picture of how revenues and expenditure changes in districts impact staffing and programming. Interviews were conducted with budget managers in Cottonwood, Kamiah, Kellogg, and Marsing.

Community Background

As part of the interview, interviewees were asked to provide a short description about what had been happening in their district/community since the 2005–2006 school year. According to interviewees, the four districts included in the study were in small, rural communities. Their primary industries included dairy farming, logging, and mining. One district, steadily losing enrollment, had a current enrollment 50 percent smaller than it was forty years ago. Two communities suffered the loss of their major employer. In one of these communities, while the family breadwinner might have found employment elsewhere, families remained in the area and enrollment remained stable. Recently an aforementioned employer reopened and started rehiring many of those individuals who were laid off. In the second community, some families left the area and some went on unemployment; poverty increased. Currently, at least 50 percent of the enrollment of every school in the third district is eligible for the free and reduced-price lunch program. The fourth community remained fairly stable, until a recent, unexpected drop in enrollment.

FINDINGS

This section presents the key findings from Phase III interviews.

Finding 1. Significant changes occurred in district revenue streams from 2004 through 2011, which resulted in staff, salary, and/or benefit reductions in the four districts.

District budgets are complicated and revenues come from a variety of ever-changing sources. Between 2004 and 2011, some district revenue streams were new or increased, and some decreased or were eliminated. These changes resulted from:

- A shift from local property tax to state sales tax to partially fund education, declining sales tax revenue, and changes in district enrollment
- The availability of funds from the American Reinvestment and Recovery Act (ARRA), the Title I Education Jobs Fund (Education Jobs Fund), and the Secure Rural Schools and Community Self-Determination Act of 2000 (Secure Rural Schools Act)
- The availability of funds from supplemental levies/bonds
- The loss and receipt of competitive federal/local grants

Prior to 2006–2007, districts primarily funded their Maintenance and Operations (M&O) budget from the collection of property taxes. Beginning in October 2006, the state imposed an additional one-cent sales tax to fund education and replace a portion of the property tax. The state collected this sales tax and distributed it to districts on a formula basis. As a result, all of the district budgets experienced reduced revenues from local sources and increased revenues from state sources in their 2006–2007 budgets. This change impacted districts differently. For example, one budget manager reported that it stabilized funding and guaranteed the district payment; another reported revenue losses; and a third experienced gains when the economy was good, but losses after the start of the recession in 2007.

As the 2007 recession persisted, revenues from the state sales tax decreased. Sales-tax revenues peaked in 2008, fell in 2009, and fell again in 2010 (Idaho Division of Financial Management, 2010, p.27) (see Figure 1).

Figure 1



Total Idaho Sales Tax Revenues 2006–2011²

Furthermore, according to the *Idaho Statesman*, while the sales tax generated \$223 million extra in revenue in 2008, and \$200 million extra in 2009, only \$190 million went into the general revenue in 2008, and \$170 million in 2009 (Roberts, 2010). In May 2009, the state of Idaho declared a financial emergency, which allowed districts to reduce staff salaries and benefits. In 2009–2010 some state funding streams decreased and in 2010–2011 some state funding streams were eliminated.

Finally, one school district suffered an unexpected drop in enrollment. This decreased the state funding they received since funding is based on average daily attendance (ADA).

Decisions to cut salaries and benefits and to function with reduced revenues had real impacts at the district and school levels. Every interviewed budget officer commented that the vast majority of their district's maintenance and operations budget (82% to 92%) supported salaries and benefits. Therefore, in order to meaningfully reduce expenditures, cuts had to come from salaries and benefits. As a result, cuts in other line items paled in comparison (for example, a district that cut library supplies, instructional supplies, and textbooks by approximately \$50,000 saved just 1.5 percent of their total budget).

Budget officers in every district reported that staff members recently took salary and/or benefit reductions:

- In one district, teachers took a five-day pay cut and classified staff members took a six-day pay cut. In addition, medical deductibles were raised and vision insurance was eliminated.
- In another district, teachers did not receive "experience" raises, but did receive "education" raises; furthermore the district budgeted for a 5 percent holdback.
- In a third district, certified and classified staff members took a salary cut of 4 percent, while administrators and the superintendent took salary cuts of 6 percent.
- Certified staff in the fourth district took a 5 percent cut; this cut was reduced to 1.5 percent when the district used other federal funding to fill the gap.

In addition to salary and/or benefit losses, staffing and programs were impacted. Three districts reported staffing changes. One district eliminated several positions, including maintenance and custodial positions and a federal programs' director and secretarial position. The federal program director's

² Sales tax revenues for 2010 and 2011 are projected.

responsibilities were transferred to the district's principals. In a second district, a middle-school principal also assumed the role of superintendent. In three districts, some staff members who retired or left for other reasons were not replaced. In another district, sports coaches were no longer fully funded through the district budget (community fundraising efforts, however, kept them fully employed).

Some programs were impacted, but not necessarily discontinued. For example, in two districts technology programs were negatively impacted. One was being run by a teacher who received only a stipend to do so, and the second was swamped with calls for assistance that became increasingly more difficult to handle with current staffing levels. A Safe and Drug-Free program in one district was being run by a volunteer, and local fundraising supported it. In some districts, professional development programs were reduced or eliminated. Extra-curricular (sports and music) programs were reduced. In these cases, monetary savings came from limiting supplies and bus transportation. Two districts chose not to purchase textbooks and/or consumables. The district that lost custodial and maintenance positions found that "everyone is picking up more." A remediation program, implemented to help increase state assessment scores and, subsequently, Annual Yearly Progress (AYP), was discontinued.

Other means that districts reported employing to reduce expenditures included consolidating three school buildings into two, buying in bulk, applying for transportation waivers, and working with a utility provider to reduce energy costs.

Finding 2: Districts relied on a variety of funding sources to preserve instructional programs.

Similar to other districts across the country, these four districts have cut expenditures in response to decreasing revenues and have been focused on sparing instructional programs and/or class time (Ellerson, 2010).

Everything we had we felt we needed to keep.

Programming has remained the same for the last five years.

We did not cut any programs. Class time did not take a cut.

The cuts described earlier in staff, salaries, and benefits, and the consolidation of responsibilities and buildings, were not enough, on their own, to preserve programs. Districts also relied on an influx of federal funding, competitive grants, and their own communities to help make up budget deficits.

In February 2009, passage of the ARRA made \$100 billion available to state education departments and school districts across the country. By September 2010, Idaho had received almost \$1 billion (\$929,220,000) in stimulus funds (Recovery.gov, 2010). In the four districts included in this report, these funds were used almost exclusively to fund salaries and benefits and save jobs. These jobs included teachers, certified nurse assistants, intensive behavioral interventionists, speech language pathologists, educational assistants, and classified positions.

...it was not like we could go out and buy computers; we needed teachers and personnel.

ARRA funds have helped us to pay for staff that might have otherwise have been cut back.

We covered teachers who had been paid in the general or other fund; if we didn't have the

ARRA funds they would have gone away (two Title I teachers and several aides). That helped the general fund.

With ARRA and Education Jobs Bill what we were able to retain, from what we thought we were going to lose, was full-day kindergarten. This program is very valuable to us and we have maintained it here, even though it increases our expenditures without adding incoming revenue. It is supported by levy. We also hired teachers at the elementary level to avoid combination classes.

Title I funded 2.5 FTEs for elementary and middle school. With the drop in enrollment, that was crucial for us. When budgeting, we knew we would have hardships, so we were protecting positions and that allowed us to save those positions this year.

We were able to retain teacher positions and classified positions. We never had to make the decisions about what we would do [if they didn't receive ARRA funding]. We are already barebones now, it would have had to be positions, there is nowhere else to cut back (85% to 90% of our budget is salary and benefits). We never had to meet up with that choice.

In addition to ARRA funds, Secure Rural Schools Act funds were also available. This funding was referred to as the "Federal Forest Funds" or the "former Craig-Wyden funds" by the three districts that benefited from it. While funding from this source must first be spent on maintenance, it could be used on other things as well. In two districts, these funds were used directly to save money elsewhere. One district decided to consolidate three school buildings into two. While that project is underway, the district anticipates the savings from decreased maintenance and heating costs will be used to bridge the increasing budget gap. A second district placed unspent Secure Rural Schools Act funds into savings. It draws on this savings account, when necessary, to balance the district budget. In a third district, Secure Rural Schools Act funds supported maintenance. This allowed the district to use the maintenance money, which otherwise would have come from the M&O budget, on other budget items.

Finally, in August 2010, President Obama signed H.R. 1586 into law and created the Education Jobs Fund. Ten billion dollars were appropriated, and Idaho received 51.6 million (\$51,641,026) (Idaho State Department of Education, 2010). According to one district budget manager, funding made available through the Education Jobs Fund was used to "give back what teachers and classified staff lost." For example in one district, the funding was used to offset a cut in certified salaries. Instead of a 5 percent cut, they received a 1.5 percent cut. In another district, where some funding for athletic coaches had been cut, this funding will return them totally to the district payroll in 2010-2011.

In addition to federal funds, districts also raised local funds. Three of the four districts found success with supplemental levies and/or bonds. This taxpayer-approved revenue provided a buffer when other funding fell short. For example in one district, a bond surplus from a previous year was used to help with a budget shortfall in a subsequent year. In this same district, a levy raised funds for textbooks, consumables, desks, chairs, supplies, and a teacher. These prior purchases left them "a bit better prepared" for the time when other revenue was lost. Another district was strongly supported by their community in this area as well. While previous levies tended to run under \$1 million, the second to last levy passed at \$1 million plus, and the last levy passed at \$2 million plus. The district plans to use surpluses from the last levy to help alleviate the budget shortfall when ARRA, state, and rainy-day funds are gone.

Other community support was found as well. Volunteers came forward to run programs that no longer received funding, provide tutoring, or monitor lunch or recess. Fundraisers paid for program materials sports coaches (i.e., *Save our Sports*), and teachers donated materials that they needed, which the district was unable to supply.

Districts relied on two other revenue sources to help keep them afloat. Some districts received other competitive federal grants to support programs. In some cases districts lost federal funding during the time under study (i.e., Reading First and 21st Century Community Learning Center funds). However, successful applications for new grants were submitted. These included a renewed 21st Century Community Learning Center grant, a full-day kindergarten grant, and a Class-Size Reduction grant. Other local grants also brought revenue into districts, and included a Reading is Fundamental grant and grants from local colleges and universities.

Finally, two districts took advantage of E-Rate from the Schools and Libraries Program. The program provides a rebate on telephone and internet bills and saves districts money that could be used elsewhere. One district saves up to up to 74 percent, or \$100,000, on these bills by participating in the program.

For the most part, district budget managers, while knowing cuts were made, were still proud of what they had been able to do in the face of declining revenues.

One budget manager reported:

Our programs have stayed the same for the last five years. We keep up with everything in terms of requirements. At the elementary level we offer physical education, music, science, computer technology, and full-day kindergarten. One elementary school is building a focus in science, which we support. Elementary students from within the district can choose to enroll there as long as it does not require the district to hire additional staff. At the middle school level we replaced an exploratory class with booster classes for students to get additional help in reading and math. They also have an afterschool tutoring program. In the high school they have an academy for students to take remediation classes or Idaho Digital Learning Academy classes and an afterschool tutoring program.

Another district that had been dealing with declining enrollment and revenues and had toyed with the idea of consolidating three school buildings into two, finally decided to do so with the help of their Secure Rural Schools Act funds. According to the superintendent, “closing the elementary building will cut our food service, secretarial staffing, maintenance and heating costs. It was estimated a year ago that we would save between \$150,000 and \$160,000.” Changes that are currently occurring include combining grades K-6 and the district office in the current middle school, and housing grades 7 to12 in the high school. The middle school principal is also now the superintendent. Personnel will be shifted into different buildings and some will have new teaching assignments. The superintendent believes that students will benefit from increased opportunities in technology, shop, and physical education, and from the convenience of taking classes on their own campus (i.e., Idaho Digital Learning Academy).

A third district made an effort to save taxpayer money by refinancing bonds and, therefore, saving interest. That decision, as well as one to run a supplemental levy last year, helped them better prepare for cuts this year because they were already able to invest in textbooks and supplies. The budget manager also speculated that because the bonds were refinanced, tax payers might be appreciative and more willing to approve another supplemental levy should they need one next year. Finally, their

successful application for a 21st Century Community Learning Center grant was a “huge boon for community.” This grant provides their students with “a safety mechanism.” Instead of being out in the fields or home alone, students can arrive early (i.e., 6:00 a.m.) and eat a warm breakfast. After school they attend a tutoring program. Students are bussed home in the evening.

Only one budget manager reported negative impact from their district budget decisions. In a follow-up interview with a district teacher it was reported that prior to the recession, when economic times were good, district staff members had already experienced salary changes different from surrounding districts. While other districts experienced 4 percent salary increases, their district experienced a 1 percent salary increase. When the district made the decision to reduce staff salaries and benefits, the impact was greater because their salaries had already been “compromised.” In addition to the financial impact, teachers also struggle with the feeling that “funding education is not a priority in Idaho.” While morale and attitudes were affected, “from the outside looking in, no one could see any change. Teachers still come early and still stay late, they continue to work with kids on their own time. Lights are on and the football team still plays. Really when we take those furlough days and lose benefits, the community is not aware of things like that.” Still, this teacher felt the community was supportive of their educational system and had personally heard thanks for what teachers had sacrificed for the community from parents and community members.

Finding 3: Without continued sources of increased revenue, districts face difficult budget decisions ahead.

While these four districts have been mostly successful at preserving programs, future program cuts remain a distinct possibility. However, at the time interviews were conducted many specific decisions were postponed until further information was available. Districts had a series of unanswered questions: Will we have holdback or carry-over funds? How will we spend our Education Job Fund monies? Will we maintain, gain, or lose enrollment? Who will retire or not return, and will we replace those position(s)? Will we remain in school improvement status? What will happen with state appropriations? Can we pass a supplemental levy? How mild will this winter be?

Despite the uncertainty, districts were already considering their options. Two district spokespersons reflected that they might have to look at programs and reevaluate what they offer. They might have to scale back or eliminate full-day kindergarten or secondary, elective classes. One district faces a budget shortfall in their special education budget. The only way to maintain required staffing levels is to use money from the general fund. That money in turn would not be able to pay for other expenditures. Larger classroom sizes might result. One district had already made a tough decision to close a building. They are counting on savings from that consolidation to carry them through. Two district budget officers spoke about the possibilities of combining positions—having a certified staff member work half-time in one position and half-time in another. And as stated earlier, some districts will continue not to replace all retiring or departing staff members.

How might these decisions be made? All of the budget managers reported that groups of individuals were involved in the budget process. These groups and individuals included school boards/boards of trustees, superintendents, budget managers, program heads, administrative leadership, advisory committees, and sometimes community members. District budgets were developed keeping in mind “whatever is best for the kids would be the top priority, and that [decision-makers] would do what

would hurt the kids the least,” and by thinking about how district “budget decisions impact the community.”

Some practices were common: Budget managers estimated attendance, ADA funding, and discretionary funding, and decided what was “non-negotiable.” From there, these teams looked at program enrollments to determine staffing, they looked at retirees and others leaving positions, they looked at how best to use staff members and educational assistants, and they got “creative in their use of federal funds.”

Some practices were somewhat new. For example, last year one district had a very successful budget workshop that was open to the community. As a group, attendees addressed each line of the budget. According to the budget manager they “identified items that they could get by without for the next year. While not everyone was happy, everyone agreed.” While this district tended to seek community input every year, last year’s budget workshop was “more intense.” Brady and Pijanowski (2010) found that public forums such as this were successful in increasing community knowledge and buy-in to budget and program changes.

DISCUSSION

The economic recession has not spared our nation's schools. Congress responded on February 17, 2009 by passing ARRA which provided unprecedented stimulus funding for states, including funds for education. This report examined the revenue and expenditures in four Idaho districts receiving ARRA funds and found both challenges and resilience.

ARRA provided funding to help save educators' jobs in Idaho, but it was not the only source of funding that filled gaps created by the recession. Districts also relied on funds from the Education Jobs bill and the Secure Rural Schools and Community Self-Determination Act of 2000. These funding sources, while essential to the continuation of education programs, relied on passage by the U.S. House and Senate. Their continuation cannot be guaranteed in the future. Grants like 21st Century Schools also aided some districts, but such grants may not be available in the future, nor do all districts have the capacity to competitively apply.

The report also highlighted how four local Idaho communities have supported schools during difficult times. Three of the communities passed local levies and/or bonds for education. And all reported an increase in community-based fundraisers and volunteering. Like federal funding, however, community support does not provide stability since it depends on peoples' political will and resources. Community budget workshops, like the one described in this report, may help increase community knowledge and support but still do not guarantee sufficient funding.

These challenges underscore the necessity to provide stable funding for education. This is especially true as district revenues are projected to become increasingly tight, possibly through 2013-14 (Ellerson, 2010). Expectations for public education cannot be met with declining budgets.

REFERENCES

- Brady, K. and Pijanowski, J. (2010) Protecting academic programs in times of economic crisis: Evidence from California's public school districts. *JEP: eJournal of Education Policy*. Retrieved from <https://www4.nau.edu/cee/jep/journals.aspx?id=327>
- Ellerson, N.M. (2010). *A cliffhanger: How America's public schools continue to feel the impact of the economic downturn. Report of findings*. Retrieved from American Association of School Administrators website: http://www.aasa.org/uploadedFiles/Policy_and_Advocacy/files/CliffHangerFINAL%281%29.pdf
- Ellerson, N.M. (2010). *Surviving a thousand cuts: America's public schools and the recession. Report of findings*. Retrieved from American Association of School Administrators website: http://www.aasa.org/uploadedFiles/Policy_and_Advocacy/files/AASAThousandCutsFINAL121610.pdf
- Idaho Division of Financial Management. (2010). *General fund revenue book FY 2011*. Retrieved from http://dfm.idaho.gov/Publications/EAB/GFRB/GFRB11/GFRB_FullDocument_Jan2010.pdf
- Idaho State Department of Education. (2010, August 16). *Education Jobs Fund. Frequently asked questions about the education jobs fund in Idaho*, retrieved from [www.sde.idaho.gov/site/EdJobsFund/docs/FAQs for Districts, August 16, 2010.pdf](http://www.sde.idaho.gov/site/EdJobsFund/docs/FAQs%20for%20Districts,%20August%2016,%202010.pdf)
- Nelsestuen, K., & Roccograndi, A. (2010a) *How Title I and IDEA funds from ARRA were used in Idaho districts: Phase I report*. Portland, OR: Education Northwest.
- Nelsestuen, K., & Roccograndi, A. (2010b) *How Title I and IDEA funds from ARRA were used in Idaho districts: Phase II report*. Portland, OR: Education Northwest.
- Recovery.gov. (2010). *Track the money*. Retrieved from <http://www.recovery.gov/Pages/default.aspx>
- Roberts, B. (2010, February 14). Tax shift may have hurt schools. In *Idaho Statesman.com*, retrieved from <http://www.idahostatesman.com/2010/02/14/1079822/tax-shift-may-have-hurt-schools.html>

Appendix A. Summary of Phase I Report

Like most states, Idaho witnessed large budget cuts in education in 2009–2010 as the economic crisis continued across the country. The American Recovery and Reinvestment Act of 2009 (ARRA) provided Idaho with more than \$280 million in federal stimulus money for education. This allocation included \$35 million for Title I programs (for students of families that live in poverty) and \$58 million for the Individuals with Disabilities Education Act (IDEA).

In 2009, the Idaho State Department of Education (SDE) commissioned Education Northwest to conduct a three-phase study of the use of Title I and IDEA ARRA funds by Local Education Agencies (LEAs). In Phase I, 69 percent of all Idaho LEAs responded to a survey about their experiences with ARRA. The six major findings from Phase I are:

The majority of reported Title I and IDEA ARRA funds (79 percent) was spent on personnel, most commonly to pay for teachers and paraprofessionals. In the context of state budget cuts, this aligns with ARRA funding principles that the majority of funds be used to pay for educational jobs that might otherwise have been lost.

About one-fifth of all reported Title I and IDEA ARRA funds (21 percent) were spent on nonpersonnel categories, most commonly curriculum, professional development, and technology. LEAs reported spending more than \$4 million on materials and services for Title I and IDEA that they might not have otherwise acquired under current financial circumstances.

LEAs viewed ARRA as a crucial funding source. Most LEAs also believed the funds would improve results for students.

LEAs anticipated a “funding cliff” ahead. Only 1 in 10 respondents completely agreed that a funding cliff had been avoided. This perception likely reflects the further cuts to the Idaho education budget for fiscal year 2011, which coincides with the end of ARRA funding.

LEAs felt burdened by reporting requirements. Many LEAs believed reporting requirements were excessive and had encountered challenges with the system. About half of responding LEAs reported they were collecting data to monitor the impact of the funding while half were not.

LEAs reported different experiences based on their level of need and their size. LEAs categorized as “high-need” by the state were more likely to report difficulties with using and reporting on ARRA funds than low-need LEAs. Furthermore, large LEAs with more than 2,500 students were more concerned about a “funding cliff” and more frequently reported the short planning time was difficult than did medium or small LEAs.

A second report from this study will be available in August 2010. The report will summarize interview data from a sample of LEAs about funding decisions, challenges, expected outcomes, and needs.

Summary of Phase II Report

The American Recovery and Reinvestment Act of 2009 (ARRA) provided Idaho with more than \$280 million in federal stimulus money for education. The funds were intended to be spent quickly to create and save jobs while simultaneously aiding school improvement and reform efforts, ensuring transparency and accountability, and minimizing a funding cliff. Idaho's allocation included \$35 million for Title I programs (for students of families that live in poverty) and \$58 million for the Individuals with Disabilities Education Act (IDEA).

In 2009, the Idaho State Department of Education (SDE) commissioned Education Northwest to conduct a three-phase study of the use of Title I and IDEA ARRA funds by Local Education Agencies (LEAs). The Phase I report, issued in June 2010, summarized key findings from a survey of all Idaho LEAs. This Phase II report details findings from 29 in-depth interviews with LEA staff members. The five major findings from Phase II are:

Interviewed LEA staff members reported Title I and IDEA ARRA funds had a positive impact in their LEA and were grateful for the funds. Measuring the impact, however, was difficult. Many LEAs credited ARRA funds with paying for personnel and programs that helped bolster student achievement. While half of LEAs reported they were collecting data to measure impact, most interviewees said there were limitations to doing so, or described somewhat distal measures.

Saving jobs drove many ARRA spending decisions. However, funds also were used to purchase materials and services that will remain in LEAs after ARRA funding ends. Many of the LEA funds were used to maintain existing staff and education programs. While saving jobs was a priority, three out of four LEAs spent at least a portion of their funds on nonpersonnel items.

Interviewed LEA staff members feared that jobs would be lost when ARRA funding is gone. Unless additional funding from the state or federal government is secured, the majority of LEAs said they will have to lay off staff when funding ends in 2011. This includes teachers and paraprofessionals.

LEAs reported only minor challenges related to decision-making, management, and reporting for Title I and IDEA ARRA funds. LEAs were satisfied with guidance and assistance from the SDE and reported only minor challenges in deciding how to spend the funds. Contrary to the Phase I report, interviewees did not report problems with ARRA reporting requirements.

LEAs asked for additional funding for education as well as continued supports and guidance. Interviewees voiced some concerns about state and local maintenance of effort. LEAs asked for an increase in the amount of funding and/or improving the stability of funding sources in the future. Some LEAs were concerned or confused about future maintenance of effort at the state and local levels.

A third and final report from this study will be available in December 2010. The report will include case studies from three LEAs.

Appendix B

Interview Protocol

Good morning. Thank you for taking the time to speak with me. I'd like to give you some background on this study. The Idaho State Department of Education commissioned Education Northwest to conduct a series of three studies about the use of America Reinvestment and Recovery Act (ARRA) funds in Idaho. The first study included a survey of all districts regarding their spending of Title I or IDEA ARRA funds. You may have participated in that survey. The second study included interviews with a group of districts to further delve into survey results and get more detailed information about the use of ARRA funds. This study involves four districts and will explore changes in your district's budget over time, from 2005–2006 through 2010–2011 and will illuminate the decision-making process used in determining budget-line changes, what part ARRA funding had on those decisions, and what impact those changes had on various stakeholders. While the participants in the other studies were guaranteed anonymity, this report will be based on fewer districts, and that may not be the case this time. Is that okay? Are you ready to get started?

1. I'm going to ask you about budget trends over the past five years (since 2005-06). First, could you give me some context about what has been happening in your district/community during that time? For example, have there been changes in the population, employment, industry, etc.?
2. Between 2004 and this year, what, if any, revenue streams (local, state, federal, other) would you say have changed substantially? Why? What have been the consequences of these changes? What has the district done to forestall revenue cuts [have you applied for new monies that you previously did not receive or had you become eligible for other monies that you were previously ineligible for]?
3. Between 2004 and this year, what, if any, expenditures would you say have changed substantially? Why? What have been the consequences of these changes? What has the district done to forestall program cuts?
4. How did receipt of ARRA funding fit into the picture (did it allow you to continue preserving specific line items, allow you to re-fund previously cut budget items, other)? What will happen when ARRA expires?
5. Who is involved in the budget decision-making process? How were these budget-decisions made (i.e., established guidelines, prioritized spending, across the board cuts)? Did the decision-making process change over time? Which decisions have been most difficult and/or controversial and how did you deal with that?
6. What is the outlook for the remainder of this year and next year? Are you anticipating additional changes? Where, specifically, in regard to revenue (cuts and new) and expenditures (cuts and increased) are changes expected?
7. Of all the decisions made over the past few years regarding your district's budget, which one decision do you think has had the most impact, positive or negative? Please describe. Is there anyone that you would suggest I speak with to learn more about this?

Thank you very much for your time.